

**Senate Budget and Fiscal Review Subcommittee #4 on  
Legislative, Executive, Judiciary, Transportation, and  
General Government**

**Senator Joseph Dunn, Chair  
Senator Dick Ackerman  
Senator Denise Ducheny**

**Wednesday, March 26, 2003  
2:00 p.m.  
Room 2040**

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## 0890      **Secretary of State**

The Secretary of State (SOS) has statutory responsibility for managing the filing of financial statements and corporate-related documents for the public record. The Secretary, as the chief election officer, also administers and enforces election law and campaign disclosure requirements. In addition, the SOS appoints notaries public, registers auctioneers, and manages the state's archives.

The budget proposes total expenditures of \$69.7 million for the SOS in 2003-04, a slight increase from the current year. Expenditures total \$27.1 million from the General Fund, \$32.9 million from the Business Fees Fund, and \$8.8 million from reimbursements.

### ***Issues***

**1. Vacant Position Funding.** The budget proposes to augment the Secretary of State's budget by \$200,000 to restore funding eliminated in the current year as part of the effort to eliminate vacant positions in state government.

As part of the statewide process to eliminate 6,000 vacant positions in the current year, DOF eliminated 24 positions and \$1.3 million dollars from the SOS's budget pursuant to Control Section 31.60. Of this amount, 19 positions and \$1 million were associated with the Business Fees Fund. Pursuant to Control Section 31.70, DOF restored \$510,000 to the SOS's budget in the Business Fees Fund (the maximum restoration allowable by the control section). According to DOF, the funding was restored because the positions are associated with a revenue-raising fund.

The budget maintains the \$510,000 restoration in the budget year. The budget proposes an additional \$200,000 increase without any workload information or specific purpose for the additional funding.

The Business Fees Fund may retain a balance of up to \$1 million. Any excess fees or interest is transferred to the General Fund at the end of the fiscal year.

*The LAO recommends deleting the \$200,000 augmentation because SOS has not provided any workload information supporting the need for the \$200,000 augmentation.*

***The department should comment on the need for this augmentation.***

## **2. Filing Fees on Common Interest Development Associations.**

There are estimated to be more than 30,000 common interest development (CID) associations (such as condominium associations) in California. Chapter 1117, Statutes of 2002 (AB 643, Lowenthal), requires all CID associations to biennially file basic information with the SOS's office (such as address and contact information). The intent of Chapter 1117 is to gain a better understanding of the type and number of CID associations in the state.

To cover the Secretary's costs associated with the new filings, Chapter 1117 authorizes a filing fee to be charged to associations of up to \$30. The SOS has chosen to impose the maximum \$30 fee for the initial filings. At the \$30 level, the fee is expected to generate \$450,000 in 2003-04.

The Secretary of State proposes setting a filing fee on common interest development associations at \$30. Since only minor increased costs have been identified, the LAO recommends that the fee be set at \$5 for the budget year through the adoption of budget bill language.

The SOS asserts that \$30 is the incremental cost of processing one filing. The budget, however, proposes only \$61,000 in expenditures related to the filings. The budget requests these funds for increased mailing costs and one position to maintain a database of filers' information. While the identified costs seem reasonable, the SOS has been unable to identify any other costs associated with Chapter 1117.

*The LAO recommends that since only \$61,000 in new costs have been identified that the Legislature, through budget bill language, limit the fee in 2003-04 to generate a comparable level of revenues. A fee of \$5 would generate an estimated \$75,000 and, therefore, provide the SOS with sufficient revenues to cover any other incidental costs above those already identified.*

***The department should comment on the fee level and anticipated costs of implementing this program.***

## 8940      **Military Department**

The Military Department is responsible for the command and management of the California Army, Air National Guard, and four other related programs.

The \$87.7 million budget is primarily funded by \$52.9 million from the Federal Trust Fund and \$30.7 million from the General Fund. This budget is about \$600,000 more than the current year budget. Additional federal funding of \$555 million supports the Army National Guard, Air National Guard, and Office of the Adjutant General, but those funds are not deposited in the State Treasury.

### ***Issues***

**1. Santa Ana Armory.** The armory in Santa Ana was built in 1957. It currently houses a rifle company with approximately 100 national guardsmen. It is used as a training site one weekend per month. The remainder of the month it is used primarily for vehicle and equipment storage.

The armory is on a 3.5-acre site between an elementary school and a park. Both the elementary school and the park were developed after the armory was built.

If the armory were moved, the armory would need to be larger and upgraded to current standards. The funding is split between the federal government and the state government. The City of Santa Ana is currently searching for a site for the new armory.

The 2002-03 supplemental report to the budget included language requiring the Military Department to report to the Joint Legislative Budget Committee and the chairs of the legislative budget committees by December 1, 2002, about the following issues:

- 1) With respect to the existing Santa Ana armory:
  - a) The feasibility of relocating the armory to a new site, including how the relocation fits in with the department's long-term capital development plan and the availability of federal construction funds;
  - b) Any potential force structure issues raised by this relocation; and
  - c) An estimate of the cost of relocating the armory in Orange County, including costs associated with acquiring the site, constructing the new armory, and transition costs.
- 2) For each of the last three armories constructed, list the costs for site acquisition, transition, and construction. The department shall delineate the construction costs associated with preliminary plans, working drawings, and construction.

***The department should report on their findings.***

**2. Capital Outlay.** The 2002-03 budget provided funds for the following proposals:

- a) **New Armory in Azusa.** The budget contained \$6.1 million (GF) for design and construction of a new armory in Azusa. Working drawings were scheduled to be completed by January 2003 and approval to proceed to bid and contract award for construction by April 2003.
- b) **New Armory in Lancaster.**
  - 1) The budget appropriated \$750,000 (Armory Fund) for land acquisition. This acquisition was scheduled to be complete by January 2003.
  - 2) The budget appropriated \$743,000 (GF) for preliminary plans for a new armory building. The estimated future cost for the project is \$6.2 million (GF). Preliminary plans are scheduled to be completed by May 2003.

The funding for these armories have approved federal funding. If the state does not provide funding, the federal funding will be lost.

***The Department should comment on the status of the armories.***

**3. Los Alamitos Armed Forced Reserve Center - Fire Protection Services.** The firefighters of the Los Alamitos Joint Forces Training Base (LAJFTB) are employees of the Military Department. The employees are considered on state active duty. The Military Department pays these firefighters from federal funds. The employees have similar protections to civil servants, although they do not have collective bargaining rights.

The Los Alamitos firefighters have attempted to convert their personnel status over the last twenty years. Legislation was enacted in 1993 that allowed these firefighters to convert to state civil service provided that federal dollars were made available to cover related conversion costs. Federal funding has not been appropriated for this purpose.

***How many other firefighters or other public safety officers are employees of the Military Department?***

***Are there federal requirements that would require competitive bidding for this contract?***

***The proposed trailer bill language states that the contract shall not exceed ninety percent of the current actual costs. Could the Military Department retain the same number of employees at ninety percent of current costs?***

***Would a change from employees of the Military Department to employees of the Orange County Fire Authority effect the pay, benefits, or retirement costs of the firefighters?***

The following language has been submitted to Legislative Counsel. It would require the Adjutant General of the California National Guard to enter into a contract with the Orange County Fire Authority to provide fire protection and emergency medical services for the Los Alamitos Joint Forces Training Base (LAJFTB).

***SECTION \_\_\_\_.*** *In order to reduce the cost otherwise incurred by the State when providing fire protection and emergency medical services, the Adjutant General of the California National Guard shall enter into a contract with the Orange County Fire Authority to provide those services for the Los Alamitos Joint Forces Training Base. The amount of that contract shall not exceed ninety percent (90%) of the current actual costs of providing fire protection and emergency medical services as determined by the Director of the Department of Finance.*

***SECTION. \_\_\_\_.*** *The Orange County Fire Authority shall comply with the requirements of Section 53292 of the Government Code with respect to hiring any displaced firefighting employee of the Los Alamitos Joint Forces Training Base.*

**Section 53292 of the Government Code reads as follows:**

*53292. (a) Whenever a special district or joint powers agency that provides fire protection or a city fire department is dissolved or the area it serves is decreased by reason of a consolidation, merger, incorporation, annexation, or contract, and the district, joint powers agency, or city fire department taking over the duties of the dissolved or decreased district, joint powers agency, or department decides to hire additional firefighters, it shall give first choice for the positions to be filled to firefighters employed by the dissolved or decreased district, joint powers agency, or department. As nearly as possible, the firefighters who are hired shall be given positions with a rank comparable to that which they held in the dissolved or decreased district, joint powers agency, or department. No firefighter shall be hired who is over the mandatory retirement age of the district, joint powers agency, or city fire department which is taking over the duties of the dissolved or decreased district, joint powers agency, or department.*

*(b) Notwithstanding any other provision of law, where firefighters are hired as a result of the consolidation, merger, incorporation, annexation, or contract, the seniority or other employment rights of the employees of the district, joint powers agency, or fire department taking over the duties of the dissolved or decreased district, joint powers agency, or department shall not be impaired as a result of the consolidation, merger, incorporation, annexation, or contract, except as otherwise agreed upon in a county, other than a county of the first class, in a memorandum of understanding with each employee organization, which has been recognized pursuant to Chapter 10 (commencing with Section 3500) of Division 4 of Title 1, and which represents employees of the district, joint powers agency, or department taking over the duties of the dissolved or decreased district, joint powers agency, or department who are in classes affected by the consolidation, merger, incorporation, annexation, or contract.*

